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RUEHQT/AMEMBASSY QUITO PRIORITY 0178
RUEHSJ/AMEMBASSY SAN JOSE PRIORITY 0128
RUEHSN/AMEMBASSY SAN SALVADOR PRIORITY 0264
RUEHSG/AMEMBASSY SANTIAGO PRIORITY 0214
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RUEHTG/AMEMBASSY TEGUCIGALPA PRIORITY 0037
RUEHKO/AMEMBASSY TOKYO PRIORITY 5041
RUEHWL/AMEMBASSY WELLINGTON PRIORITY 0549
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RHMFISS/COMUSKOREA J5 SEOUL KOR PRIORITY
RHMFISS/COMUSFK SEOUL KOR PRIORITY
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C O N F I D E N T I A L SECTION 01 OF 04 SEOUL 002177

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PA, UY, VE
SUBJECT: MOFAT-WHA CONSULTATIONS: ROK'S EXPANDING TIES TO
LATIN AMERICA

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11. (C) SUMMARY: South Korea is actively expanding ties with Latin America through trade, investment, overseas development assistance and high-level engagement, according to ROK Foreign Ministry officials who met with WHA A/S Thomas A. Shannon on October 15 for consultations. The Ministry's Latin American and Caribbean Affairs Bureau reported that, compared to 2001, Korea's trade volume with the region had nearly tripled to USD 37 billion in 2007, and Korean investment had shot up to USD 1.2 billion. Bureau officials further outlined ambitious plans to increase ROK development assistance in order to reduce poverty and support Millennium Challenge goals. Seoul hosted its first senior dialogue with Latin American governments in September, drawing seven ministers from Latin American countries, and is considering a presidential-level multilateral meeting next year. ROK President Lee Myung-bak plans to visit Peru, Brazil, and

Chile in November and attend the Asia Pacific Economic Cooperation (APEC) conference. The ROK had also informed the Government of Cuba of its desire to establish consular relations in order to protect the estimated 4,000 ROK tourists who visit Cuba each year, but Cuba has not replied. Shannon praised the ROK's approach to Latin America as supportive of democracy and free markets. END SUMMARY.

CONSULTATIONS ON LATIN AMERICA AND THE CARIBBEAN

-- ROK VIEW

12. (C) At the fifth Korea-U.S. Consultation on Latin American and Caribbean Affairs on October 15, Ministry of Foreign Affairs and Trade (MOFAT) Director General for Latin American Affairs Doo Jung-soo told Assistant Secretary of State for Western Hemisphere Affairs Thomas A. Shannon that the ROKG viewed recent political and economic trends in Latin America positively and was actively expanding its economic relationships with a range of countries in the region. Latin America is home to an estimated 100,000 Koreans and their descendants. The ROKG was also raising the political profile of its relationships through frequent visits by senior officials in both directions, including the June 2008 visit by Paraguayan President Lugo to Seoul, a visit by Uruguayan President Vazquez in August, G8 Summit margin meetings in March with President Calderon of Mexico and President Lula da Silva of Brazil. Most forward-looking, perhaps, was an

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economic summit meeting Seoul hosted in September, attended by seven Latin American ministers. Thematically focused on investment, energy, and infrastructure, the gathering also enjoyed the participation of several ROK ministers and a contingent from Korea's private sector. MOFAT was proposing a presidential-level summit next year, but this was preliminary. President Lee Myung-bak was scheduled to visit Peru, Brazil, and Chile in connection with attending the APEC Summit in Peru in November.

13. (C) DG Doo stressed the economic aspects of relations with Latin America, saying that the ROKG's approach focused on securing energy imports, providing infrastructure development, and expanding its overseas development assistance (ODA) work in Latin America. The ROK was also excited about growing trade relationships: two-way trade volume with Latin America had expanded from USD 13 billion in 2001, to USD 21 billion in 2005, to USD 37 billion in 2007, and was on pace to exceed USD 45 billion in 2008 (January-August volume was USD 31 billion). Trade with Chile, with which the ROK concluded a free trade agreement in 2004 had risen from USD 1.8 billion in 2003 to USD 7.9 billion in 2007.

14. (C) Moreover, at USD 12.8 billion, the ROK's trade surplus with Latin America through August this year was larger than that with China, the U.S. or EU. ROK investment in Latin America had increased from USD 450 million in 2005 to USD 1.2 billion in 2007. Hyundai Automotive, Samsung Electronics, and Dongkuk Steel, for example, were investing in Brazil, and SK Company in Peru. The ROK had held two rounds of negotiations toward a free trade agreement with Mexico, and concluded FTA feasibility studies with Peru and MERCOSUR.

15. (C) Office Director for Latin American Regional Cooperation Jang Yeun-ji explained that the ROK planned to increase its ODA as a percentage of gross national income from 0.1 percent now to 0.15 percent by 2012 and 0.25 percent by 2015. Aiming to reduce poverty and support attainment of Millennium Challenge goals, the ROKG had developed a targeted approach to providing ODA to Latin American countries, letting the countries have substantial input into projects. About 7 percent of the ROK's overall ODA went to Latin America, Jang explained, in the form of grants and

concessionary loans. Since 1998, Korea had disbursed USD 232 million to 13 ODA projects in the region, selecting partner countries for grants and loans and prioritizing efforts in areas where Korea had a comparative advantage. Korea had

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recently established an ODA branch in El Salvador and would soon do the same in Colombia. Though the amount of its assistance was relatively small, Jang said that many countries were interested in learning from the example of the ROK's rapid economic development and democratization.

-- U.S. VIEW

¶6. (C) A/S Shannon praised the ROK's expanding relationships with Latin America and its targeted use of ODA. Turning to the U.S. perspective on the region, Shannon said that he saw Latin American leaders from both ends of the political spectrum facing a common challenge to address poverty and economic development. He argued that countries with relatively stronger existing government institutions, such as Brazil, were more successful at addressing this challenge, whereas other countries without such institutions, such as Venezuela and Bolivia, were instead resorting to populist policies that did not lead to sustained progress.

¶7. (C) Shannon said that the overall U.S. approach in Latin America was to establish a positive agenda so that countries would see that having a good relationship with the U.S. was an advantage and would produce favorable results. He explained that the four pillars of U.S. policy in Latin America were consolidating democracy and its institutions, working toward prosperity (including by linking existing free trade agreements under the "Pathways to Prosperity" initiative), investing in people, and security, which was defined broadly as encompassing not only military issues but also transnational issues such as environmental challenges and other threats such as diseases. Shannon explained that he expected broad continuity of U.S. policy toward Latin America after the presidential election, and that the new President would meet Latin American leaders at the Summit of the Americas in April 2009. Shannon added that U.S.-ROK cooperation on Latin America would be important to help consolidate democratic and economic progress there.

¶8. (C) Over lunch, DG Doo explained that the ROKG had approached the Cuban government several months ago to request establishment of consular relations in the interest of providing protection for the estimated 4,000 ROK tourists who visit Cuba each year. Havana had not yet responded. Doo also said that the ROKG had offered USD 100 thousand of assistance to the Cuban government after the recent hurricane damage, which was cheerfully accepted, albeit only after being denominated in Euros at Havana's insistence. Deputy

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Director General Chun Hong-jo commented on difficulties Korean companies faced when bidding against Chinese state companies on projects in Latin America. Armed with full state backing, he said, the Chinese companies inevitably proposed more favorable terms.
STEPHENS